

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00

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SIL-01 PM-05 H-02 L-03 NSC-05 PA-02 PRS-01 SP-02

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TAGS: EAIR, IT

SUBJ: MINISTRY OF TRANSPORT PROPOSES NEW OPERATING
PERMITS TO ITALIAN AIRLINES

REF : ROME 13648

1. MINISTRY OF TRANSPORT (MOT) RECENTLY SUBMITTED TO THE FOUR ITALIAN AIRLINES PROPOSALS FOR RENEWING THEIR OPERATING PERMITS ("CONVENZIONI"). ALITALIA AND ATI (GOVERNMENT-OWNED) AND ALISARDA (CONSIDERED PRIVATE ALTHOUGH SARDINIAN REGIONAL GOVERNMENT HAS MAJORITY INTEREST) ALREADY HAVE AGREED TO MOT'S PROPOSALS. ITAVIA, PRIVATE DOMESTIC AIRLINE, IS STILL PREPARING ITS RESPONSE, BUT HAS INFORMALLY PUBLICLY ANNOUNCED THAT FURTHER NEGOTIATIONS ARE NECESSARY. ACCORDING TO UNITA' (PCI DAILY), ITALIA MAY PROPOSE TO MERGE INTO ATI WITH A 50/50 PARTICIPATION OF CAPITAL.

2. AS SOON THE PROPOSED NEW ROUTES (ATTACHED TO THE OPERATING PERMITS) WERE KNOWN, LABOR AGITATION AND SHORT STRIKES BEGAN AT SEVERAL ITALIAN AIRPORTS (SEE REFTTEL). A FURTHER 24-HOUR STRIKE BEGAN AT REGGIO CALABRIA AIRPORT AUGUST 26 IN CONTINUED OPPOSITION TO TRANSFER OF ROUTES FROM ALITALIA AND ATI TO THE TWO PRIVATE AIRLINES AND THE "DOWNGRADING" OF
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REGGIO CALABRIA AIRPORT WHICH, UNDER MOT PROPOSAL, WOULD BE USED ONLY BY ITAVIA.

3. UNDER THE PROPOSED OPERATING PERMITS, ALITALIA WOULD OPERATE ALL INTERNATIONAL FLIGHTS AND 20 DOMESTIC ROUTES (3 MORE THAN THE ROUTES IT NOW OPERATE). ATI WOULD BE AUTHORIZED TO OPERATE 46 DOMESTIC ROUTES (5 MORE THAN ITS PRESENT

ONES). ALISARDA WOULD BE ASSIGNED TWO NEW ROUTES (GENOA-OLBIA, CURRENTLY OPERATED BY ATI WITH ALISARDA'S AIRCRAFT, AND MILAN-CAGLIARI, NOW OPERATED BY ALITALIA IN ADDITION TO ITS FIVE PRESENT ROUTES). ITAVIA WOULD BE AUTHORIZED TO OPERATE THE THIRTY ROUTES LISTED IN ITS CURRENT PERMIT (ALTHOUGH ONLY 13 ARE ACTUALLY OPERATED), THE FIVE ROUTES IT IS OPERATING UNDER A PROVISIONAL PERMIT, THE MILAN-REGGIO CALABRIA AND ROME-VERONA ROUTES CURRENTLY OPERATED BY ALITALIA, THE ROME-REGGIO CALABRIA ROUTE NOW OPERATED BY ATI AND SOME MINOR ROUTES IN SOUTHERN ITALY CURRENTLY ASSIGNED TO ATI BUT NEVER OPERATED BY IT. IN ADDITION FIVE NEW ROUTES TO AND FROM THE CALABRIA REGION WOULD BE GRANTED TO ITAVIA WHICH WOULD BECOME THE SOLE USER OF THE CALABRIAN AIRPORTS (REGGIO CALABRIA, LAMEZIA AND CROTONE).

4. COMMENT. WHILE REVENUE FROM THE MILAN-REGGIO CALABRIA AND ROME-REGGIO CALABRIA ROUTES ARE ESTIMATED AT ABOUT 5 BILLION LIRE (ABOUT \$5.7 MILLION) ANNUALLY, ALL THE OTHER ROUTES ASSIGNED TO ITAVIA ARE CURRENTLY AT LEAST, MONEY-LOSING. HOLMES

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